

Elderly Care System Development Forum

A Case Study of Yichang City and International Experience
Exchange
26–28 September 2022



Lessons from the Development of Long-Term Care Insurance in Japan

Taichi ONO

Professor
National Graduate Institute for Policy Studies, Japan





Position	Director, Healthcare Policy Concentration National Graduate Institute for Policy Studies (GRIPS), Japan
Degree	Bachelor of Laws, University of Tokyo (1989) MBA, U.C. Berkeley (1994) Ph.D (Economics), Osaka City University (2019)
Specialty	Social Security Policy, Health and Long-Term Care Policy
Current Research Interests	Social Security History, Comparative Analysis of Health and Long-Term Care Policy, International Contribution for the Development of Social Security, Health and Long-Term Care Policy (UHC)
Business Career	Entered Ministry of Health and Welfare (then) of the Japanese Government in 1989 Assumed various positions including Director-level positions at Health Insurance Bureau, Health Services Bureau, and Equal-Employment, Family and Children Welfare Bureau
Consulting Works at ADB	“Policy and Capacity Building of Elderly Care in People’s Republic of China” “Development of a Comprehensive Elderly Care System”



Agenda

1. General overview of the Japanese Long-term Care Insurance scheme
2. Some lessons
 - (1) Deliberate but expeditious preparation
 - (2) Preparation of necessary services beforehand
 - (3) Securement of stable financial sources
 - (4) Importance of “Cornerstone Philosophy” for designing a scheme
 - (5) Build on the strengths of the Chinese community
(Importance of Integrated Community-based Care)



Current outline of (in-kind) social services (including care services) system for the elderly

- Health Care (Universal coverage achieved in 1961)
[Social insurance scheme under universal coverage:
Covers basically all services provided at hospitals and clinics, owned and
operated by either public or private (non-profit) body.]
- Social welfare services (Act on Social Welfare for the Elderly enacted in 1964)
[Currently aimed mainly for the elderly NOT in need for long-term care but
need social support due to poverty, etc..]
- Long-term care insurance (Long-term Care Insurance scheme started in 2000)
(Covers most of the personal care services for the elderly)



Brief outline of public Long-term Care Insurance



- ❑ **Insured:** Category 1 (Age 65 and over)
Category 2 (Age between 40 to 64)
Mandatory coverage (no exemption)
- ❑ **Insurer:** Municipality government (Smallest unit of autonomous government)
- ❑ **Finance:** Basically 50%: Social Insurance Premium
Category 1: Deducted from public pension benefit
Category 2: Charged on top of health insurance premium
50%: National Treasury/Local Government (Tax)
(excluding user fee (copayment))



Brief outline of public Long-term Care Insurance

□ Utilization of service:

- “Certification” by municipality government in need of long-term care services is required prior to the use of service.
- Maximum amount of available service differs according to the “certification level” (degree of disability), as certified in the “certification” process. (7 “levels” of disability: Support Level 1&2, Care Level 1 to 5 (C.L.5: severest)
- “Care Management” (process to assemble appropriate combination of services according to physical, mental, family/social condition of each elderly) is utilized.





Brief outline of public Long-term Care Insurance (continued)



□ Insured Services

- Types of insured services: Home Care, Community Care, Residential Care
(Including some health care services such as home-visit nursing)
- No cash benefit (to reduce the burden of family caregiver)
- Paid from the insurer (“reimbursement”) according to the nationally-unified fee schedule, revised once in every three years.
- User-fee: Basically 10% of “reimbursement” (mandatory): plus fee for meals, certain supplies, utilities, etc..



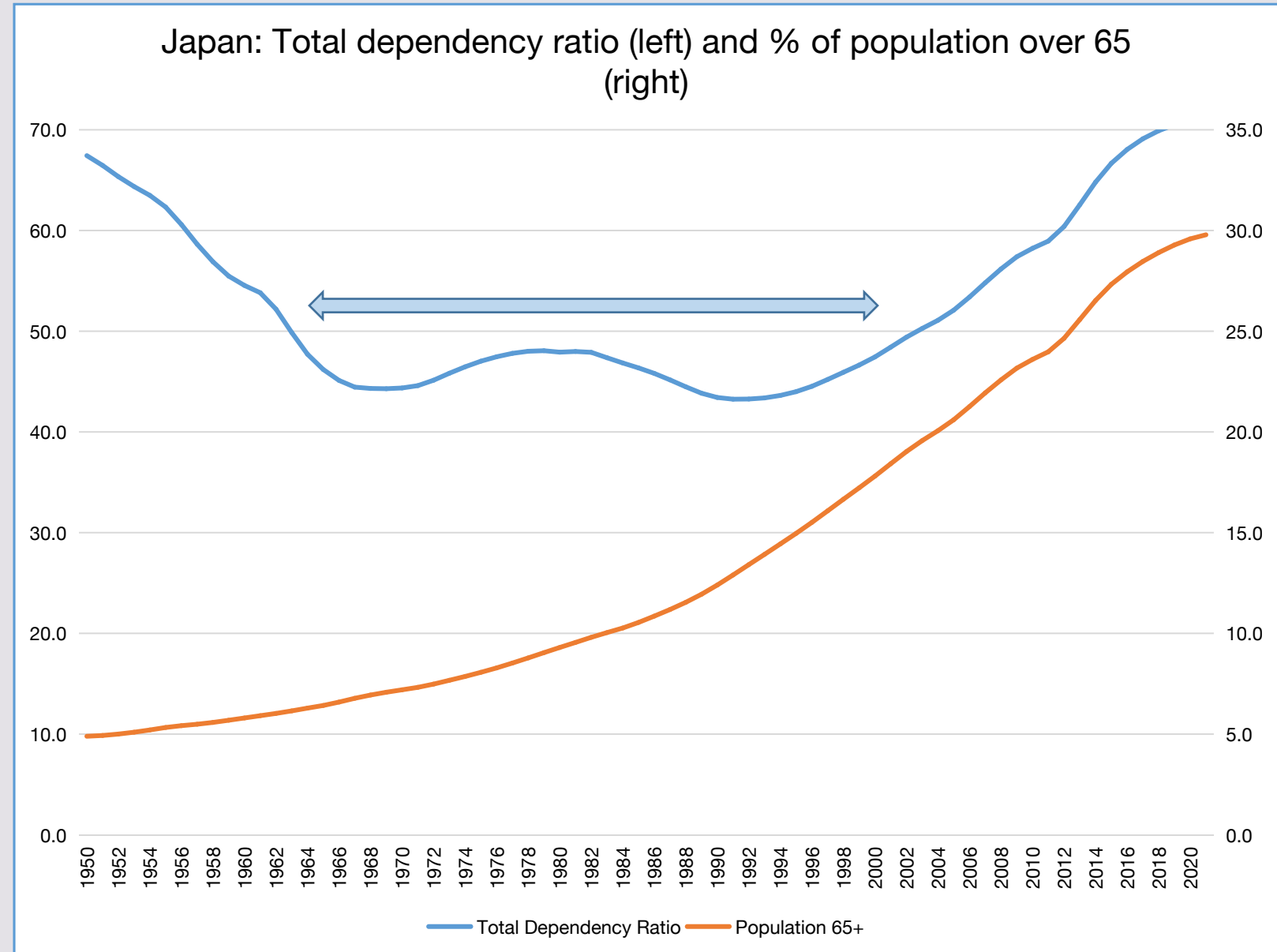
Agenda

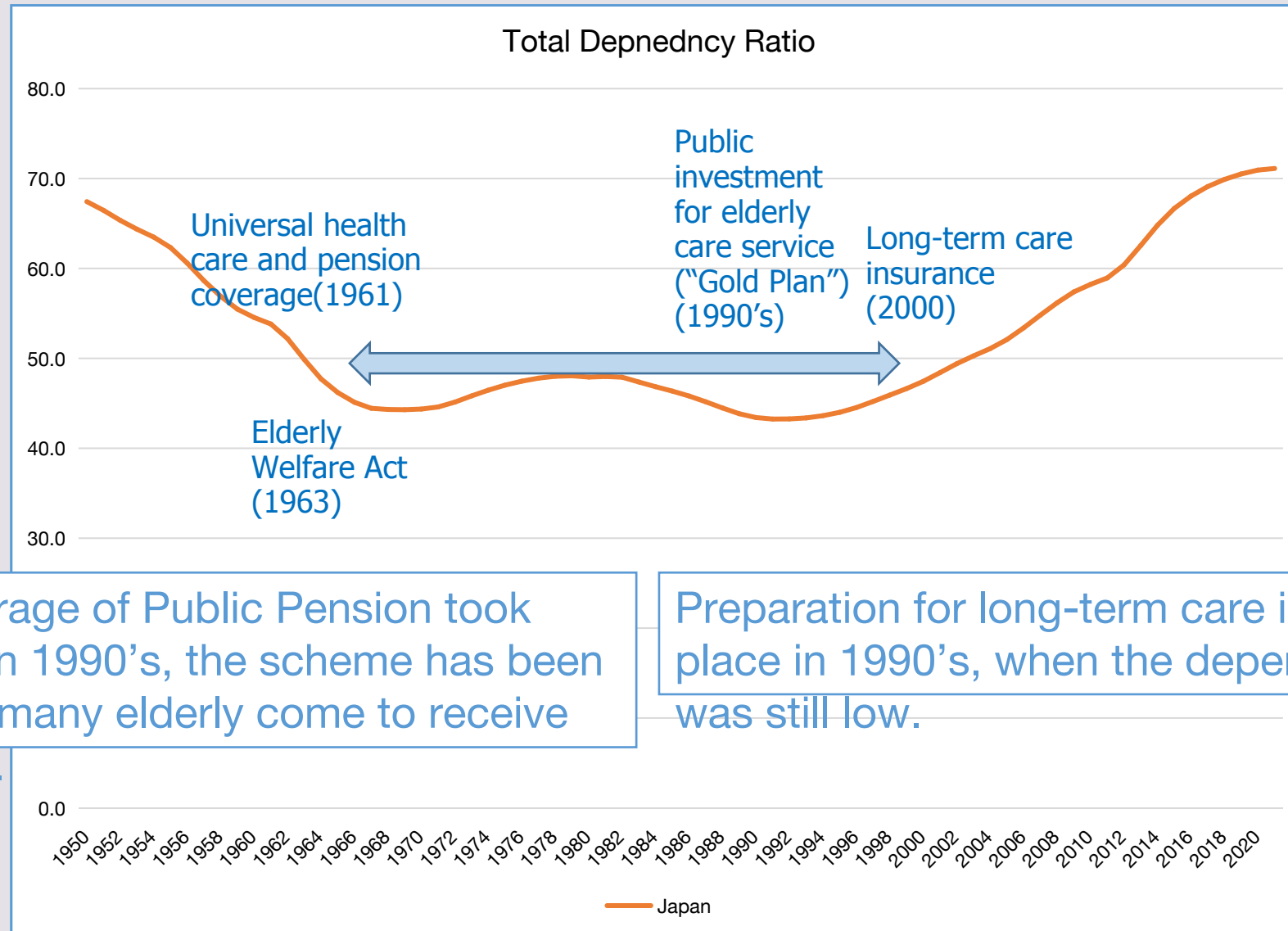
1. General overview of the Japanese Long-term Care Insurance scheme
2. Some lessons
 - (1) Deliberate but expeditious preparation
 - (2) Preparation of necessary services beforehand
 - (3) Securement of stable financial sources
 - (4) Importance of “Cornerstone Philosophy” for designing a scheme
 - (5) Build on the strengths of the Chinese community
(Importance of Integrated Community-based Care)



Although aging, Japan's dependent population ratio ("0-14" + "65-" as of "15-64") has been below 50 % between 1964 to 2000.

At that time, economy was growing fast. At the same time, rapid social norm change took place, such as urbanization by migration of younger generation from rural areas. They lives separately with their aged parents who stays in depopulated rural areas. The notion of filial duty has changed as well



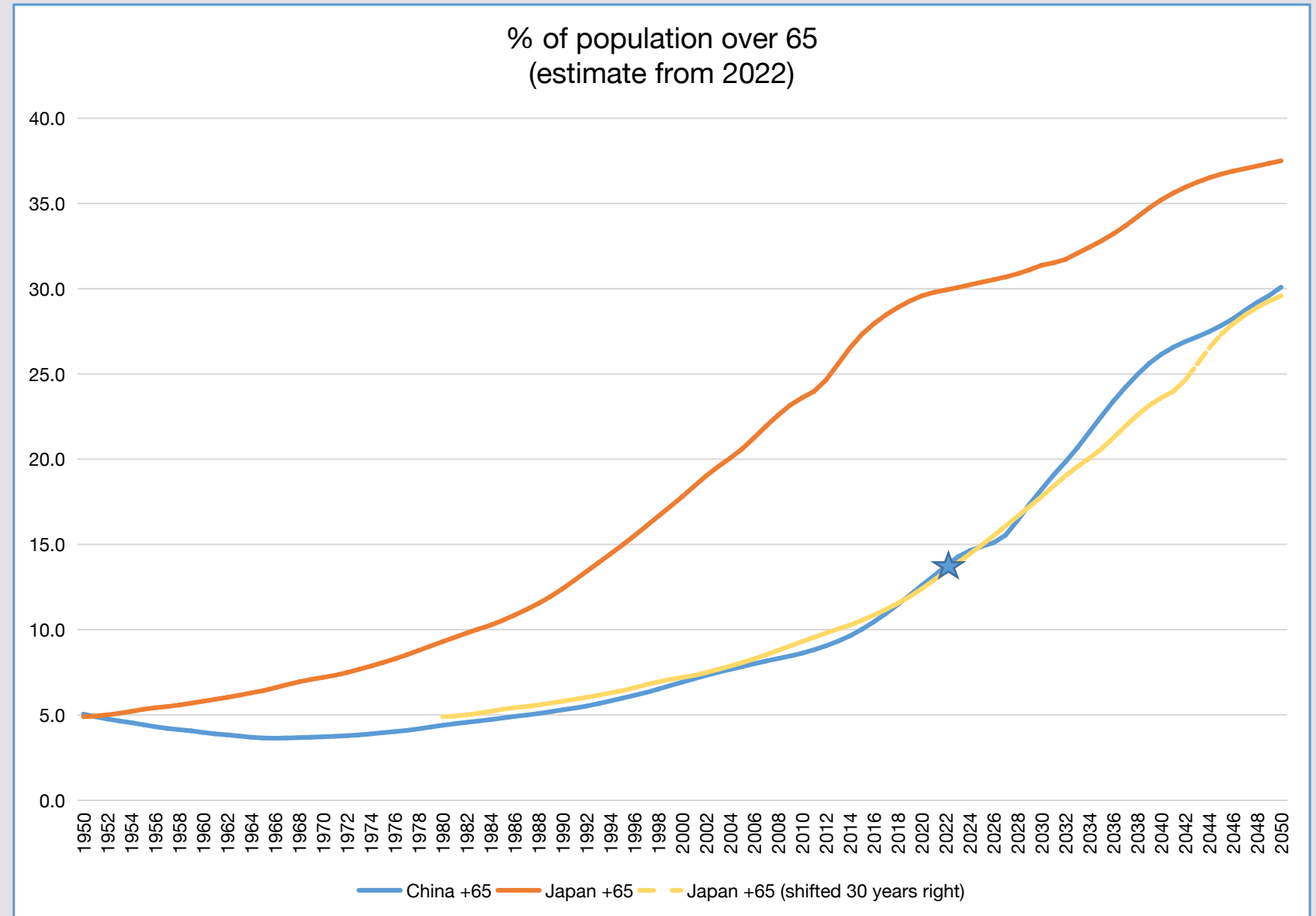


Universal Coverage of Public Pension took place in 1961: in 1990's, the scheme has been "matured" and many elderly come to receive decent amount.

Preparation for long-term care insurance took place in 1990's, when the dependency ratio was still low.

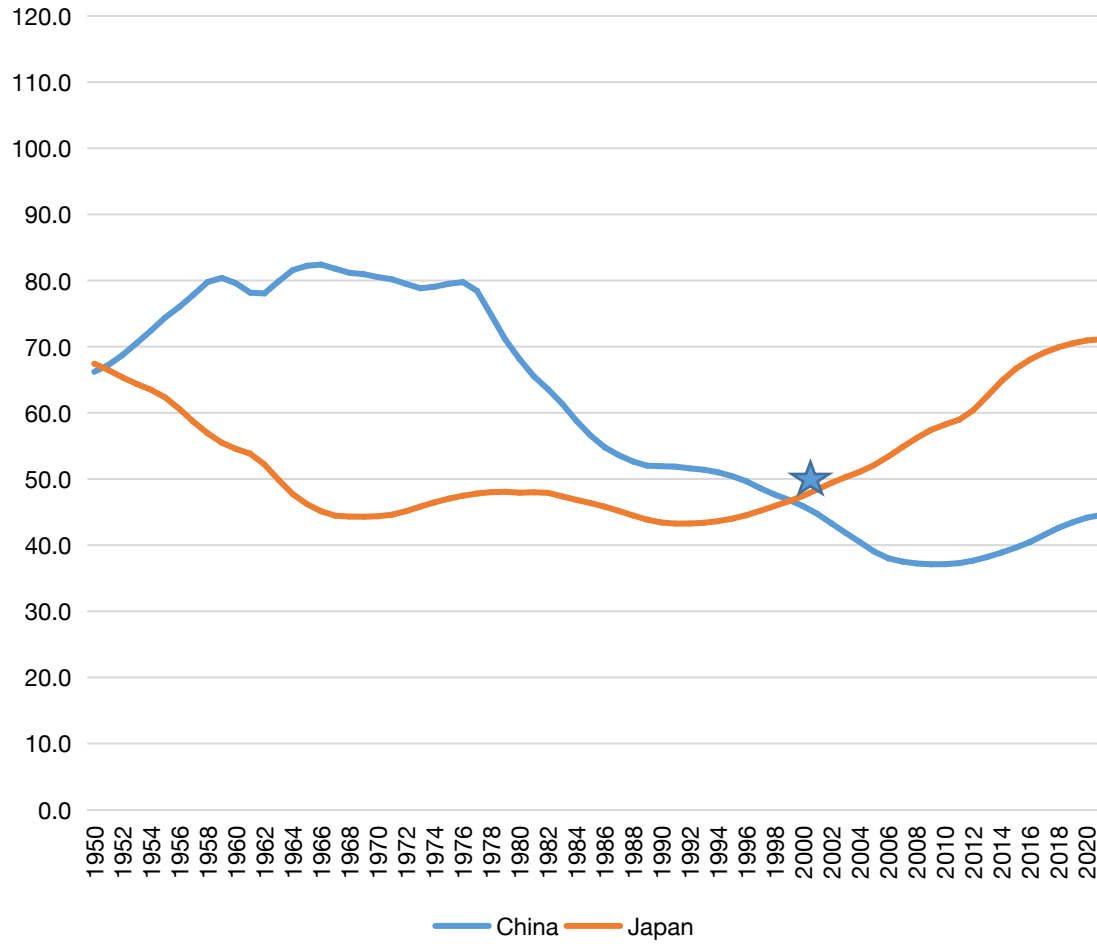


Speed of aging in China from now is expected to be faster than that of Japan in 30 years ago.



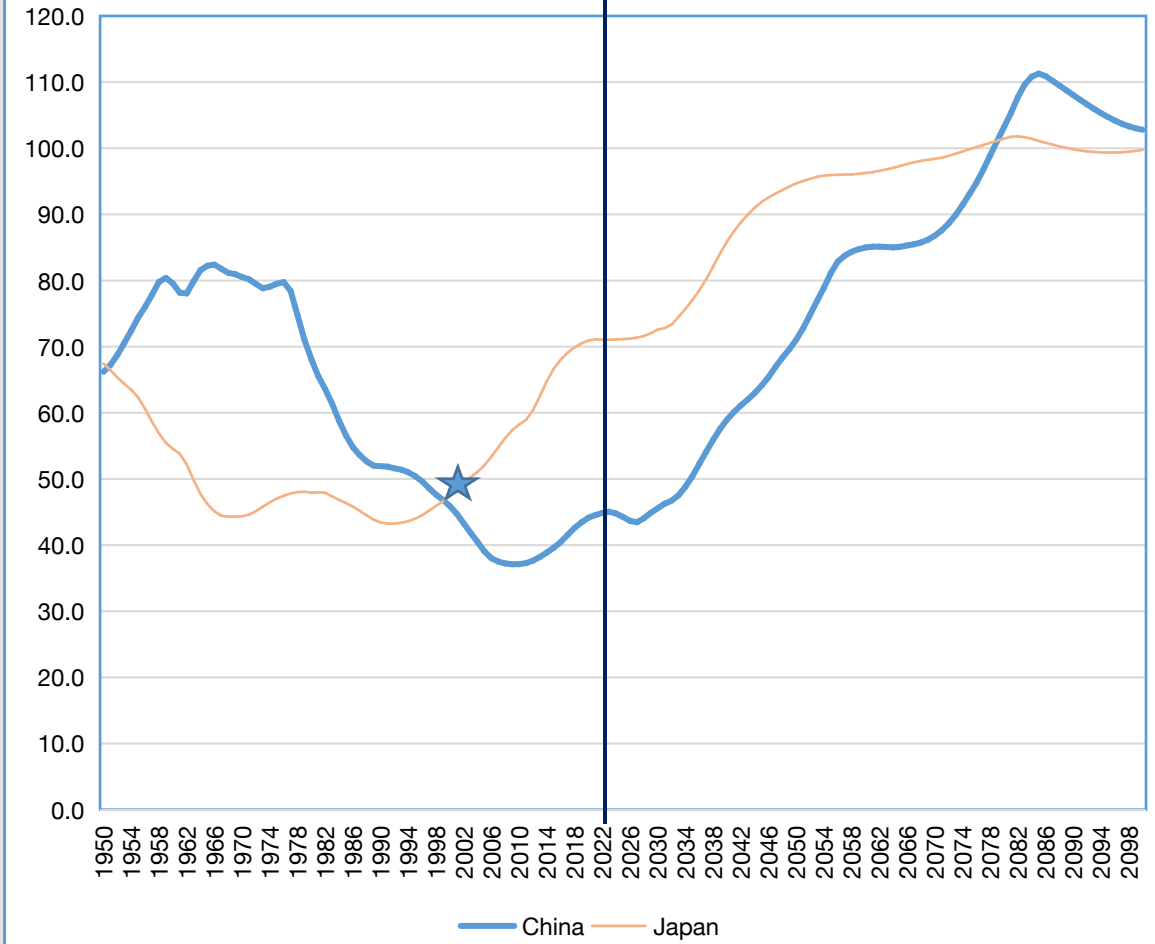


Total Dependency Ratio (1950 to 2021)



Total dependency ratio of China is still low
now

Total Dependency Ratio (1950 to 2100)



But will rise soon due to aging and low
birthrate



Agenda

1. General overview of the Japanese Long-term Care Insurance scheme
2. Some lessons
 - (1) Deliberate but expeditious preparation
 - (2) Preparation of necessary services beforehand
 - (3) Securement of stable financial sources
 - (4) Importance of “Cornerstone Philosophy” for designing a scheme
 - (5) Build on the strengths of the Chinese community
(Importance of Integrated Community-based Care)



- Health Care

Medical care services which also provide personal care have been created (covered by health insurance)

1985: Long-term care health facility

1992: Long-term care wards (Wards with enhanced care services)

1992: Home-visit nursing

- Social welfare services

Massive public investment to increase the welfare service provision

1989: The “Gold Plan”

1993: “Elderly Health and Welfare Plan” (assemblance mandated to local governments)

1994: The “New Gold Plan”

→ **Premises to introduce public Long-term Care Insurance system (starting in 2000)** have been prepared.

- Certain amount (quantity) of service provision that accommodate the demand by the public **universally in any region (urban/rural) of the country regardless of socioeconomic status (rich/poor)**



Agenda

1. General overview of the Japanese Long-term Care Insurance scheme
2. Some lessons
 - (1) Deliberate but expeditious preparation
 - (2) Preparation of necessary services beforehand
 - (3) **Securement of stable financial sources**
 - (4) Importance of “Cornerstone Philosophy” for designing a scheme
 - (5) Build on the strengths of the Chinese community
(Importance of Integrated Community-based Care)

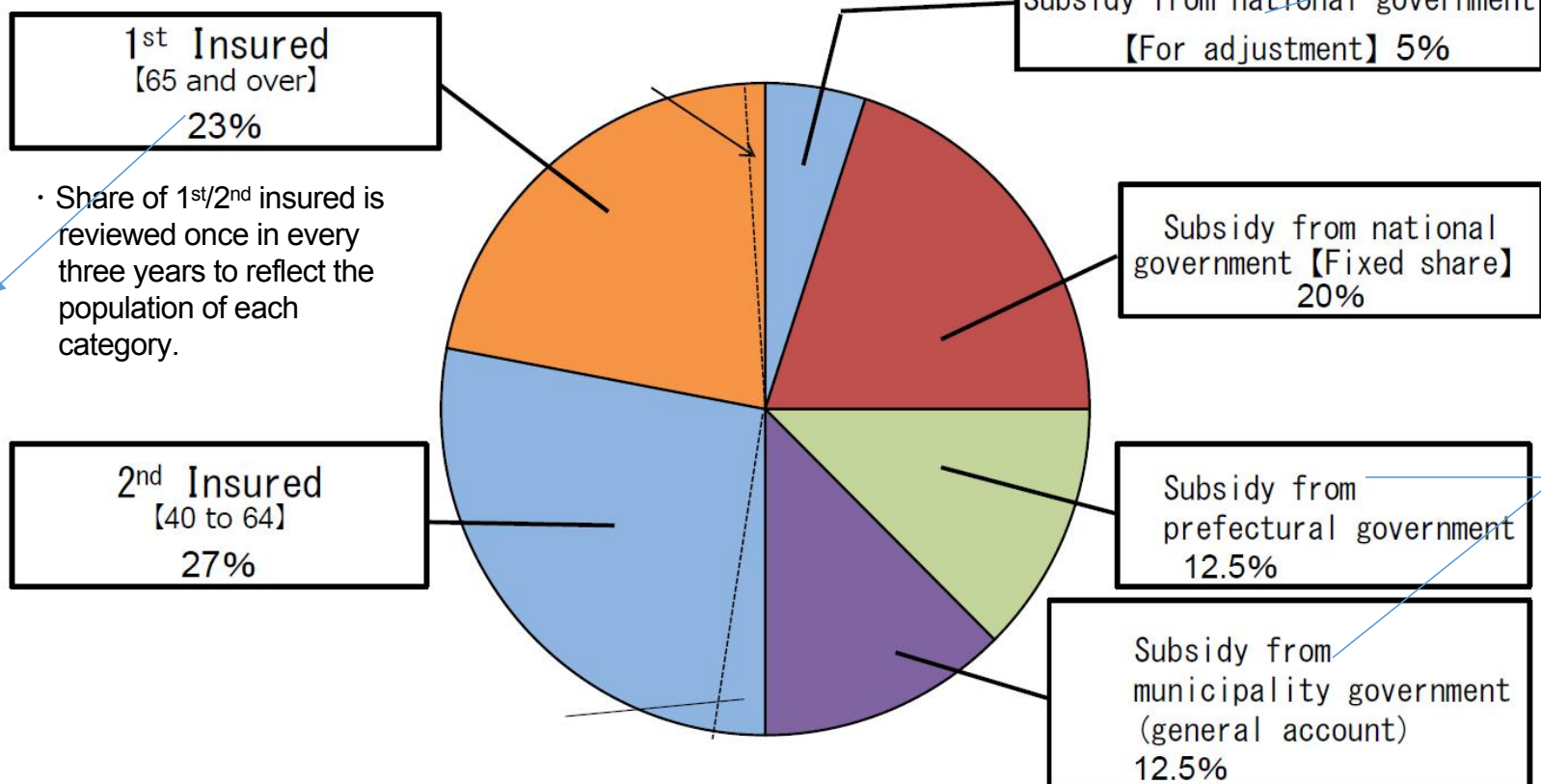


Half of financial resources are supported with tax revenue, so as to reduce the burden of premium payment.

Composition of finance of Long-Term Care Insurance (Managed at each municipality government)

Premium 50%

Tax 50%



Distributed in proportion to the share of over 75 as of 1st insured and income level, so that the municipalities with older and poorer population can implement the insurance scheme securely.

Subsidies to the LTCI fund is supported by the transfer from national to local government as a menu of “local allocation tax” that adjust the inequality of distribution of financial resources

By the maturity of public pension in 1990's, stable flow of premium income could be secured from the elderly themselves, which is essential to “establish social insurance system for the elderly”.

Average income of a household (1993) All: ¥6,575 thousand (3.12 people) Elderly : ¥3,200 thousand (1.60 people)

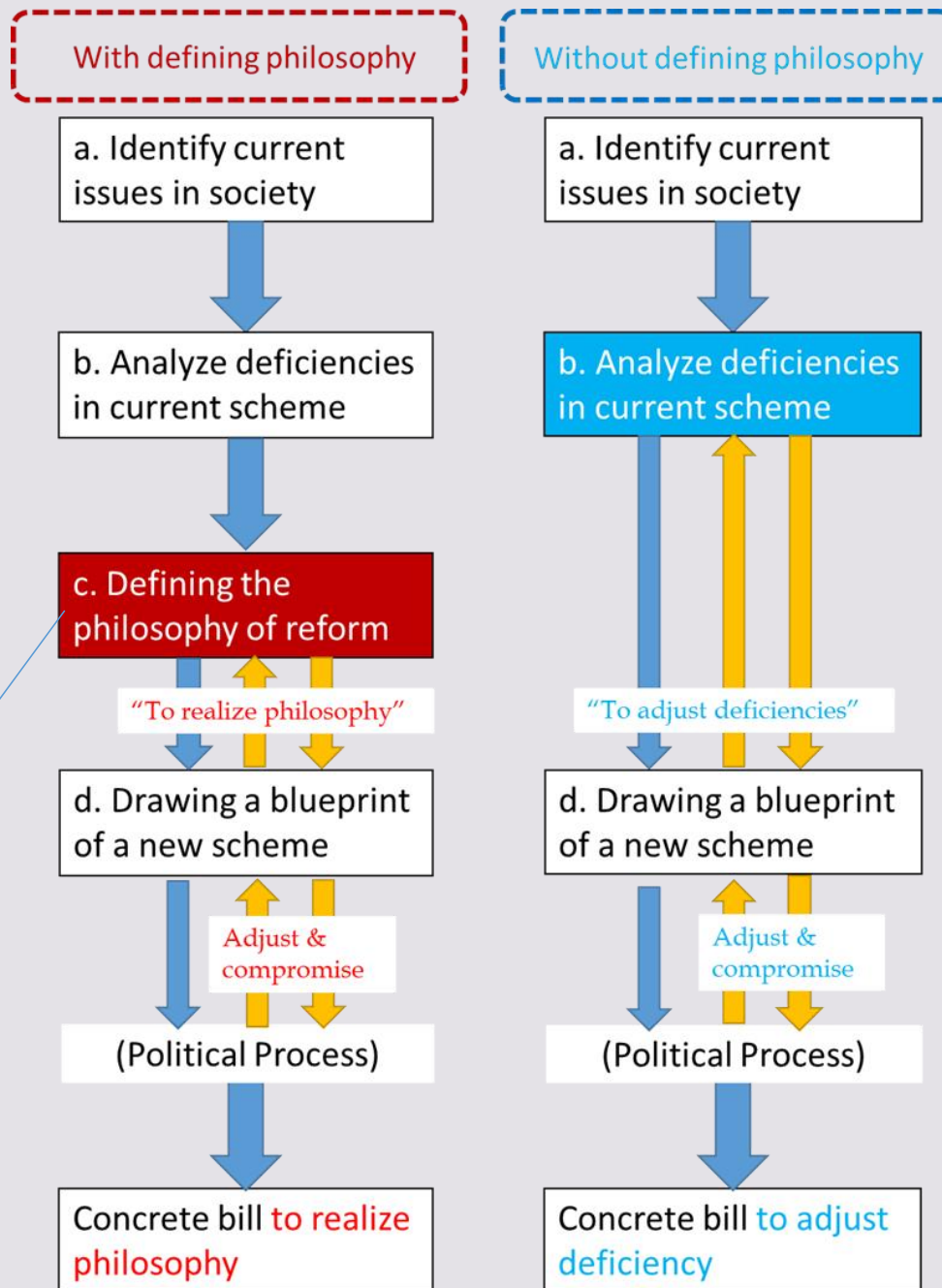


Agenda

1. General overview of the Japanese Long-term Care Insurance scheme
2. Some lessons
 - (1) Deliberate but expeditious preparation
 - (2) Preparation of necessary services beforehand
 - (3) Securement of stable financial sources
 - (4) Importance of “Cornerstone Philosophy” for designing a scheme**
 - (5) Build on the strengths of the Chinese community
(Importance of Integrated Community-based Care)



For any policy making of social security, including the scheme to financially support long-term care needs for the elderly, it is quite important to establish “Cornerstone Philosophy”, as perceptions such as universality, equality, comprehensiveness, effectiveness, or efficiency is questioned, and often these perceptions conflict each other.



Upon establishing Long-Term Care Insurance scheme in Japan, in a report by governmental study group in 1994 that constituted the basis of the reform, they emphasized that the basic philosophy of the new Long-Term Care scheme should be “supporting the independence of the elderly” to let the elderly live fulfilled life independently with his/her own will with dignity.

With the notion of “supporting the independence of the elderly” as cornerstone, they established seven basic concepts that should be secured (see next page). All of these ideas have been derived from such cornerstone philosophy, and became guiding notions.



(Reference: 7 guiding notions indicated in 1994 Study Group report)



- 1) Attaching importance to prevention and rehabilitation
- 2) Guaranteeing choice by the elderly him/herself
- 3) Promotion of in-home care
- 4) User-centered way of service provision
- 5) Mutual support backed by social solidarity
(using social insurance as mode of financing)
- 6) Preparing care service infrastructure
- 7) Multi-layered and efficient system



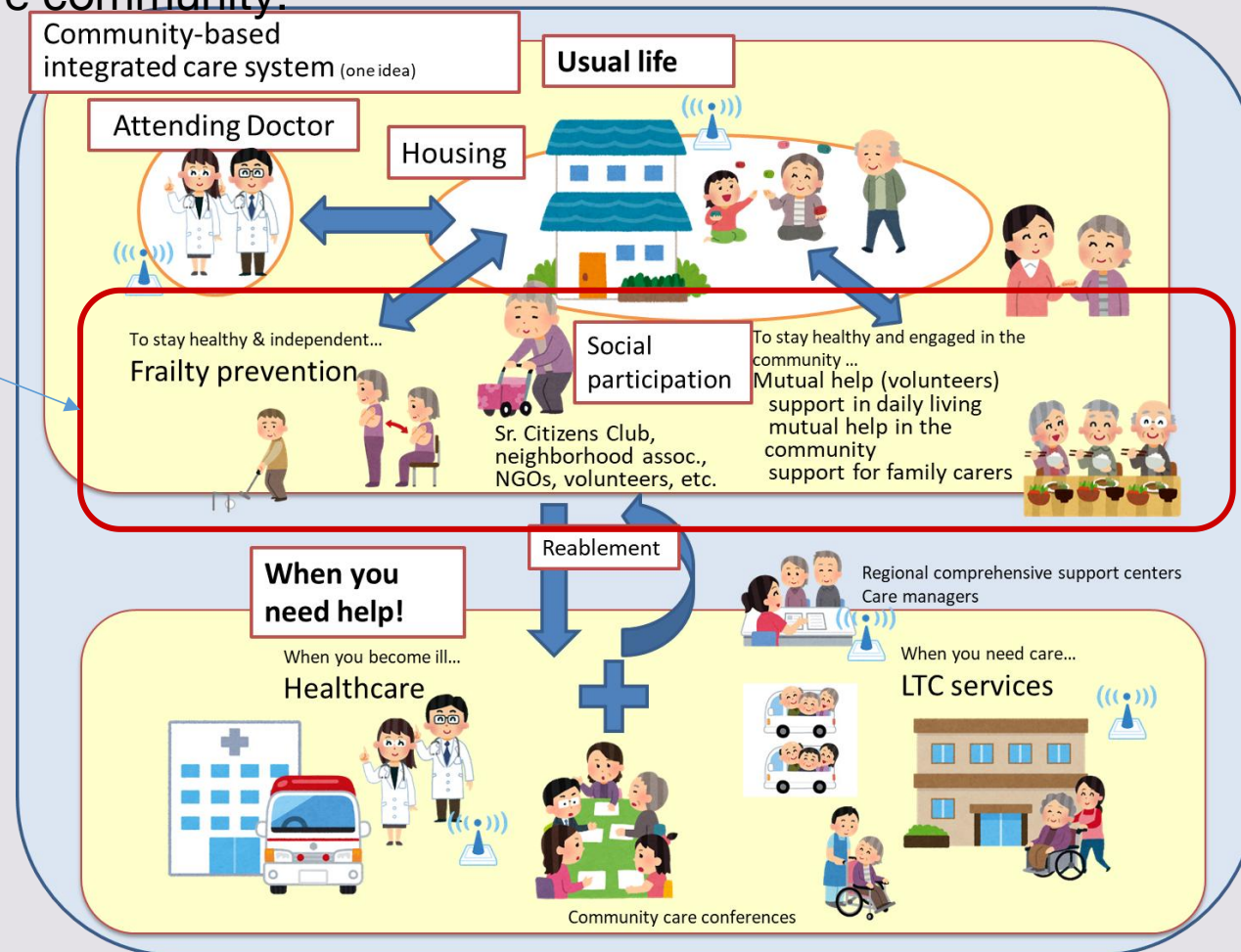
Agenda

1. General overview of the Japanese Long-term Care Insurance scheme
2. Some lessons
 - (1) Deliberate but expeditious preparation
 - (2) Preparation of necessary services beforehand
 - (3) Securement of stable financial sources
 - (4) Importance of “Cornerstone Philosophy” for designing a scheme
 - (5) Build on the strengths of the Chinese community
(Importance of Integrated Community-based Care)



Now in Japan, the establishment of “Community-based, Integrated Care system” is aggressively pursued nationwide, to support independence and dignity of the elderly in their respective community.

Building and managing various community resources to provide mutual help as well as opportunities for social participation is quite important to support daily life of the elderly.



Strengths of volunteering and mutual support at the community (“社区”) level in China is well-known. Newly-designed scheme for long-term care should be built to enhance various activities currently provided at community elderly-care centers (“社区养老服务中心”), to support the independence and



非常感谢你们的关注!

